INTER-PARLIAMENTARY UNION

Second Committee: Financing for Development (item 19)

Statement by Alessandro Motter, Senior Liaison Officer
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CHECK AGAINST DELIVERY

Chairperson,

This debate on financing for development comes at a very important juncture as the global economy is still struggling to recover from a downturn of historic proportions. In fact, the crisis has brought to a head some fundamental flows in the global economy, including many that have been on the FFD agenda virtually since the beginning.

If there is a silver lining to the crisis it is that it has propelled important reforms forward. On the other hand, the crisis has also undermined development efforts to the core, with millions more added to the ranks of the poor, the jobless and the hungry; and it has put a strain on important flows of development financing, both private and public.

Working alongside the United Nations, last year the IPU helped mobilize a parliamentary response to the global crisis. The highlight of this was a Parliamentary Conference held in May, just a month before your special conference. We followed closely developments at the United Nations, particularly the work of the Stiglitz Commission. Our members adopted an important resolution (120th Assembly, Addis Ababa) providing basic guidelines to parliaments on how to manage the crisis. Last year's joint UN-IPU Parliamentary Hearing, where some 200 MPs participated, was also devoted to the global crisis. That discussion will continue at this year's hearing, on 2-3 December, with a focus, among other things, on the structural imbalances in the world economy, global reserve currencies, capital controls, and many other unresolved questions.

In fact, while we acknowledge many important reforms of the systemic issues that are part and parcel of the FFD agenda, have taken place, there is no question that – on balance – those reforms stopped short of the mark. We did not get a second Bretton Woods moment. Regrettably, the ad hoc Working Group of the General Assembly set up to follow up on last year's conference concluded its work with only few, if any, action-oriented recommendations.

Chairperson,

Given how vast the FFD agenda is, the IPU has chosen to focus in particular on three main items: Official Development Assistance (ODA), international trade, and governance of the IFIs.

From a parliamentary perspective, reforming **aid** to make it more effective is a way of unlocking many other things that will bring about more national control of development planning with more ownership, transparency and accountability all around. While not the most important flow in terms of volume, ODA remains key to the entire development agenda. The financial crisis has made this source even more critical for many developing countries that would otherwise be unable to attract other capital flows. We must be vigilant that it is not cut back, and indeed push for a scaling up of current commitments.

In the last two years, we have sought to ensure parliamentary oversight of aid policies at both national and global levels. We issued a comprehensive resolution on this topic in the spring of 2008, and worked to ensure that the role of parliaments in aid effectiveness would figure prominently in the Accra Agenda for Action. We also entered into a close partnership with the Development Cooperation Forum of ECOSOC to bring the voice of parliaments closer to development cooperation issues. We just concluded a very intense Phase II of the DCF with a focus on mutual accountability, aid coherence with other FFD flows, and South-South cooperation.

To help operationalize the Paris and Accra Declarations in parliaments at the country level, we have worked with UNDP and other partners to produce a guidance note for parliamentarians on aid effectiveness. We have performed case studies to see how parliaments exercise their role in development planning and aid management in Zambia, Tanzania, Cambodia, and Vietnam. And we are also participating in the OECD Working Party on aid effectiveness.

With respect to **trade**, it continues to be perhaps the most promising and yet the least exploited source of financing for developing countries. To help unblock the impasse in the negotiation of a multilateral trade deal, the Doha Round, IPU continues to support its Parliamentary Conference of the WTO, which seeks to bring parliaments closer to those negotiations while also helping open up the WTO to parliamentary scrutiny.

That said, we must also acknowledge that the financial crisis and its impacts all over the world have rendered further trade liberalization even more difficult. Periods of high unemployment are rarely conducive to more open borders and competition. Still, there should be no excuse when it comes down to fulfilling existing commitments to cut export subsidies and provide tariff-free and quota-free market access to the Least Developed Countries. Both have been agreed to already, and both are unacceptably unfair to the poor. The fact that Doha Round negotiations are stuck should not delay the implementation of these pledges.

On the **international financial institutions**, particularly the World Bank and the IMF, we are pleased with many of the steps taken last year to improve governance and transparency. It is encouraging to see serious steps to increase the quotas of developing countries on the boards of governors, to see a comprehensive information disclosure policy being adopted by the Bank, reformed conditionality taking root at the IMF and many other such steps.

While acknowledging all this, parliamentarians remain concerned with the pace and depth of these reforms. This is in part because of a persistent disconnect between national parliaments and global institutions, which makes fresh information hard to obtain, and in part the result of a lingering mistrust toward the IFIs in many quarters. The IPU will look at ways to bridge both divides by engaging parliaments more closely in the work of the Bank and the Fund at the country level, but also by helping MPs become better informed of decisions taken by the Boards of both institutions.

Thank you.